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ABSTRACT

The document presents a 10-week training program designed to provide helpful and proven methods for controlling internal shrinkage in retail stores. Shrinkage includes the three problems of shoplifting, employee theft, and errors, each of which is addressed by the course. Ohio's laws are also discussed. The format for the course content section is a two-column arrangement with subject and method as headings. Also provided are transparency masters, handouts, and activities relating to the various units. (JJ)

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STORE SECURITY: INTERNAL SHRINKAGE CONTROL

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NOTES TO INSTRUCTOR

Internal shrinkage is no new problem to retailers, but only recently has the figure risen to such proportion to cause alarm. This shrinkage figure is cutting profits drastically, and in some cases is so bad it has caused the closing of many retail establishments coast-to-coast. It need not be that bad. Through proper instruction and resulting knowledge in the contributors to shrinkage, this figure can be controlled to the point where it is not destroying profits. Care must be taken, however, to avoid saying that internal shrinkage can be stopped---because it cannot. No matter how much care is taken, there will always be a dishonest employee, a deceptive shoplifter, or a hidden error that will create a shortage figure.

In this manual, there are helpful and proven methods to control internal shrinkage as well as many of the common contributors to internal shrinkage discussed.

It is suggested that you, as the instructor, follow the breakdown of the course shown on the next page. If this is impossible due to a time factor, you may double up on the material and thus shorten the length of the total program without damaging the overall concept of the author.

The Transparency Masters, Activities, and Handouts you will need are found at the end of the manual, along with films that may be used in conjunction with the written manual, bibliographies that list the materials used, and suggested additional readings that you may use to supplement the material given in this manual.

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It is suggested that this training program be divided into ten (10) sessions with each session roughly 1-1/2 hours long.

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PART 1

INTRODUCTION

OBJECTIVES

The student should be able to:

1. Define and explain what internal shrinkage is.
2. Explain why internal shrinkage is such a big problem.
3. Discuss the three major areas which contribute to internal shrinkage.
4. List other areas of shortages which contribute to shrinkage.
5. Understand the relationship between the three major areas of shrinkage and the overall shrinkage problem.

NOTES TO INSTRUCTOR:

This section is the groundwork for the entire program. Care must be taken on your part to emphasize the concepts and ideas that are important to the remainder of the manual. The definitions and reasons for shrinkage are extremely important. At all times you must assume a professional role and emphasize to the members of your group the importance of this program to the future of their stores' profits.

For this section you will need Transparencies #1-8 and Activity Form #1 which you will find at the end of the manual.

INTRODUCTION

SUBJECT	METHOD
Internal shrinkage is a big problem with retailers throughout the country. Although the degree of the problem varies from city to city, it does exist. It shouldn't.	
Before we can examine how to combat and control shrinkage, we must understand completely what it is.	ASK CLASS:
	What is shrinkage?
	TRANSPARENCY #1
Or, to put it in numerical terms, it is the difference between book inventory and physical inventory when the former is greatest.	TRANSPARENCY #2
Why is shrinkage such a big problem?	TRANSPARENCY #3
1. Eats away at profits.	SHRINKAGE EATS AWAY AT PROFITS
2. A high shortage means a low profit or no profit. A low shortage means that the retailer has a good chance to end the year with a profit.	
Why are we discussing this problem?	QUESTION
	TRANSPARENCY #4
There is one basic course of action that will help cut down on the amount of shrinkage that is occurring in the store. That is a change in attitude by every employee of the store because....	TRANSPARENCY #5
So, if all of the employees of your store become more aware of what is happening around them in the store	

SUBJECT	METHOD
and learn all the policies and procedures of the store, you can help to control this very big problem.	
Why is shrinkage control so important?	TRANSPARENCY #6 SHRINKAGE CONTROL: 1. Cuts down on waste. 2. Keeps prices down. 3. Makes everyone's job easier.
One very important thing to remember when you set out to combat shrinkage within your store is that you can't fight shrinkage by having a campaign four times a year. Shrinkage control is a 24 hours a day, 365 days a year job. It is no good to emphasize the problem occasionally. It must be done constantly to prove to the employees of your store that the problem is very big and important.	
There are several areas in which shrinkage occurs. Some of them are shown here in their order of importance to the retailer.	TRANSPARENCY #7 1. Increasing growth of branch operations with resultant transfer of merchandise. 2. Pilferage by employees and customers. 3. Slipshod bookkeeping and paper processing errors by employees. DISCUSS EACH OF THESE AREAS.
Other areas of shortages that help add up to many millions of lost dollars include: 1. Increasing emphasis on self-service.	

SUBJECT	METHOD
2. Expensive merchandise in the open for inspection by the customer. 3. Difficulty in hiring competent sales help that will work on controlling shrinkage. 4. Attitude of stores that refuse to prosecute thieves. In our discussion here, we will center on three of the major causes of internal shrinkage that you, as employers, must instruct your sales people in so they can help you to control shrinkage. <u>These three areas are</u>: 1. Employee theft. 2. Shoplifting. 3. Errors by employees. In order to give you an idea of their importance, this pie graph shows how each contributes to the overall shrinkage problem. Surveys of department store managers and controllers showed they felt that 70% of their internal losses are due to employee theft, 15% of them are due to shoplifters, and 15% due to errors. These figures show you why this program is broken down the way it is. These are all areas which your salespeople come into contact with every day. Through the discussions and activities in this program, you will learn things that you must pass on to your sales people to help you combat factors which are eating away at your stores' profits and jeopardizing all the jobs in your stores. Internal shrinkage when out of control has forced many retailers to give up and close their doors, costing everyone in their employment their jobs. Caution must be taken as to prevent this type of thing happening in your	DISCUSS EACH OF THESE AREAS TO GAIN REACTION OF THE GROUP TO YOUR IDEAS AND PRESENTATION. <u>TRANSPARENCY #8</u>

SUBJECT	METHOD
store. Employees through training can be taught the common reasons for shrinkage and what they can do to control it. It is the objective of this program to train you so you in turn can train your employees where the losses are taking place and what you can do to control them. In order to get you thinking in terms of these shortage problems, please complete this questionaire about the shrinkage problem in your store. END OF PART ONE.	DISTRIBUTION OF ACTIVITY #1 SHEETS REVIEW SECTION. ASK FOR QUESTIONS. COLLECT ACTIVITY. END OF PART ONE. NOTE TO INSTRUCTOR: Review carefully these sheets with the group at the next class meeting. Much can be learned from the problems that small businessmen from the same community are having.

PART 2

EMPLOYEE THEFT

EMPLOYEE THEFT

OBJECTIVES

The student should be able to:

1. Understand why employees steal.
2. Determine what management can do to stop employee theft.
3. List methods employees use to steal.
4. Understand how each above mentioned method of theft works.
5. Determine preventive measures that can be devised to stop the methods listed in Number 4.
6. List preventive measures to stop employee theft other than the measures listed above.
7. Understand the preventive measures program presented in the manual.

NOTES TO INSTRUCTOR:

Employee theft is a large area of shrinkage. Some experts claim it accounts for 70% of all shrinkage. Employee theft is a delicate matter. Employers do not like to readily admit that their employees steal from them, but inside they know it is true. One important thing to stress throughout this section is that much of employee theft can be prevented by effective employee screening and by keeping employee morale at the highest possible point at all times. Also, stress the point that punitive action must be taken against the employee who is caught stealing. Simply firing him is not enough. The methods and corrective action that can be taken are very important.

For this section you will need Transparencies 9-14, Activity Form #2, and Handout #1 which are all found at the end of the manual.

EMPLOYEE THEFT

SUBJECT	METHOD
	Review findings of activity #1 with the group and discuss as necessary to exchange ideas.
Employee theft is probably the biggest contributor to the shrinkage problem in retail establishments throughout the country. In fact...	TRANSPARENCY #9 EMPLOYEES STEAL MORE THAN $10 MILLION A DAY -- ABOUT $3 BILLION A YEAR IN CASH AND MERCHANDISE.
This means that 15% of the cost of goods and services goes to cover the cost of employee dishonesty. If employees were not stealing this money and merchandise, then retail prices could be reduced 15%, and the owners could realize the same profit as they do now considering that all other factors that determine markup would remain the same.	
The employee of the store has a lot more chances to steal. He is in the store more often than the shoplifter. He knows the weak points of the store in terms of control. He knows when security forces are on duty. He knows he is not watched as closely as the prospective shoplifter in the aisles, and it is therefore easier for him to get away with it.	
Many of the employees who steal are not basically dishonest. There are psychological reasons why they steal. Here are some of the reasons that apprehended employees gave for stealing. Some of them may be legitimate, while others may be just rationale they develop to cover the guilt complex their conscience has.	TRANSPARENCY #10 A. MY BOSS DOES NOT APPRECIATE MY WORK.

SUBJECT	METHOD
	DISCUSSION POINTS: Very few retail stores have merit systems where employees are praised for the good job they are doing. Too often all they hear is things they can do to improve their work. So they get discouraged, often rightly so, and in order to "get even" with employers, they start stealing. QUESTIONS: 1. What can management do to correct this situation? 2. Is a merit system a good idea? 3. Do you think it would work? 4. What are some other systems that can be developed in order to give credit where praise is due? B. THE COMPANY OWES IT TO ME. DISCUSSION POINTS: It is no secret that retail wages are low in comparison to other jobs. Employees think that they are worth more money than they are receiving. So, to make up for it, they steal merchandise. QUESTIONS: 1. What can be done to eliminate this problem? 2. Again, referring back to a merit system, should one be incorporated in your store to gain raises for people who deserve them? C. EVERYBODY ELSE DOES IT, WHY NOT ME. DISCUSSION POINTS: This one is a bit exaggerated in terms of truth. However, many dishonest employees do feel this way. They may

SUBJECT	METHOD
	actually observe others stealing or they may hear of the large amounts of internal theft occurring in the store, and when combined with the other two reasons discussed above, it is often enough to start them stealing.
	QUESTION:
	1. Have any of you heard any other reasons for employee theft that we can discuss?
When an employee starts stealing it becomes a vicious circle, especially if it is easy for him to do so. This flow chart helps to prove this point.	TRANSPARENCY #11
	STEP ONE. MOTIVE. Such as one of the above.
	STEP TWO. OPPORTUNITY. Poor supervision or one of the other reasons we will discuss later.
	STEP THREE. HABIT. If he gets away with it and finds it easy, he will do it again and again, each time trying to get bigger and more expensive merchandise.
	STEP FOUR. ALIBIS. After he has stolen, he will begin to rationalize out what he has done. Some of the more common alibis were discussed earlier.
	ONE STEP LEADS TO ANOTHER!
Now that we all know that employee theft happens and why it happens, let's examine some of the more popular methods that are used and how they work to cost the store both money and merchandise (because you remember that both are stolen, with money probably the more popular because it is easier and there is less chances to get caught).	

EMPLOYEE THEFT

SUBJECT	METHOD
There are hundreds of methods used, but we will focus our discussion on ten of the most popular that the amateur as well as the experienced "professional" uses. These are all methods that observant employees and controllers can observe when on the salesfloor. It is entirely up to you as the management to instruct key salespeople and controllers on what to watch for and to report them to supervisors so that action can be taken to stop it.	TRANSPARENCY #12 DISCUSS EACH POINT IN DEPTH. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #1. 1. THEFT OF MERCHANDISE. HOW IT WORKS: - Working in teams or by themselves, employees can arrange for merchandise to be left outside the store so they can pick it up after store hours; have merchandise delivered to their homes with phoney sales checks and delivery invoices; conceal merchandise on their bodies or in purses when they leave the store in the evening. QUESTION: 1. What can be done to stop this? Discuss answers from group. If none, suggest these: 1. All freight doors locked at all times with only management having the keys. 2. Account for all sales checks. 3. All purses and coats must be left in a designated place until store closing and employees are ready to go home, and under no circumstances are there to be these items on the

SUBJECT	METHOD
	sales floor before or after store hours. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #2. 2. EMPLOYEE SELLS MERCHANDISE TO FRIEND OR ACCOMPLICE FOR LESS THAN MARKED PRICE. HOW IT WORKS: - This system works well in busy times when nobody is going to pay particular attention to a large amount of goods sold at a lower than marked price or during times when employees are working alone in their departments. Their friends or partners can come in, pick out large quantities of merchandise they can carry out, and the employee then writes up the merchandise at a fraction of the real price, often substituting lot numbers to avoid getting caught by the accounting department. QUESTION: 1. How can this method be eliminated? Discuss answers. If none, suggest these: 1. Supermarket-style checkout counters where everything is rung at one place, thus stopping much of the opportunity. 2. Hand-written carboned sales checks with lot number of merchandise on them that can be checked against shortages and overages of the department when physical inventories are taken and these errors are discovered. 3. Two or more people in all departments at all times, with an assigned cashier for that day not posted until the day itself.

SUBJECT	METHOD
	(USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #3. 3. EMPLOYEE GIVES PARTNER OR FRIEND MARKDOWN FOR SOILED OR DAMAGED MERCHANDISE, BUT MARKDOWN IS NOT RECORDED OR JUSTIFIED. HOW IT WORKS: - Employee rings up markdown price whether the merchandise is damaged or not and does not record the markdown in the proper markdown book. QUESTION: 1. Do you have any ideas that can stop this from happening? Discuss answers. If none, suggest these: 1. Manager or department head is only person who can approve a markdown price on merchandise. 2. Written sales checks showing lot number and price of goods. Any discrepancy between amounts will show up at inventory times, then all back sales checks can be checked and proper action taken. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #4. 4. EMPLOYEES POCKET EVEN AMOUNTS OF SALES. HOW IT WORKS: - He rings the merchandise at the correct price, customer gives him the correct change, he wraps the merchandise and gives it to the customer, and pockets the money. Then the sale is voided, erasing all traces of the money.

EMPLOYEE THEFT

SUBJECT	METHOD
	QUESTION: 1. What are some corrective techniques that can be used to stop this form of employee theft? Discuss answers. If none, discuss these: 1. Employment of shopping service that will check to see if employees are putting money into the register or not. 2. Have bonded cashiers. 3. Make all cashiers account for all shortages on register. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #5. 5. CASH REFUNDS ISSUED WHEN MERCHANDISE IS NOT RETURNED. HOW IT WORKS: - Friend or accomplice is given refund when merchandise is not returned. Or, the employee will write refunds in phony names and pocket the money for himself. QUESTION: 1. How can this be stopped? Discuss answers. If none, suggest these: 1. Before authorizing refund for payment, the management must see the merchandise. 2. Send follow-up letters to all refund customers. 3. All refunds to be handled through bonded employee at a specified place in the store.

SUBJECT	METHOD
	4. All refunds to be mailed out through credit or accounting departments of the store. TRANSPARENCY #13 (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #6. 6. MERCHANDISE WRAPPED IN WITH SOLD MERCHANDISE, BUT NOT RUNG UP OR WRITTEN UP ON SALES CHECK. HOW IT WORKS: - Employee puts package of goods in with accomplice's package without paying for it. QUESTION: 1. How can this be stopped? Discuss answers. If none, suggest these: 1. Two people behind cash register at all times---one ringing sales, the other wrapping. 2. Supermarket-style check-out counters. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #7. 7. BUYERS OR OTHER PERSONNEL APPROVE FOR PAYMENT INVOICES FOR SAMPLES RECEIVED IN DEPARTMENT, BUT SAMPLES ARE TAKEN HOME. HOW IT WORKS: - Very simple. Management is often not suspected to contribute to shrinkage, but they have the opportunity to do so, such as in this case. Invoice is approved, and management puts merchandise in car for his own personal use.

SUBJECT	METHOD
	Often samples are free, but sometimes they are offered at a reduced price as an incentive for customers to try the product. In either instance, the net result is lost business for the store and money spent for which the store will receive no benefit---a serious form of shrinkage. QUESTION: 1. How can the theft of sample merchandise be stopped? Discuss answers. If none, suggest these: 1. All packages taken from the store must have a sales slip or the approval of a department manager. In cases like this, the approval of a manager other than the one receiving the merchandise would be required for removal from the store. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #8. 8. CLERK CLASSIFIES TRANSACTION AS OVER-RING WHEN CUSTOMER ACTUALLY RECEIVED MERCHANDISE. HOW IT WORKS: - The transaction is rung, merchandise given to the customer, and the salesperson voids the transaction and puts the money in his pocket. QUESTION: 1. What can be done to insure that this practice does not become more popular? Discuss answers. If none, suggest these: 1. Have only bonded, top employees at registers acting as cashiers.

SUBJECT	METHOD
	2. Have two employees behind the wrap station at all times---one ringing and the other bagging merchandise. They would act as a check on each other to prevent this type of theft. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #9. 9. EMPLOYEE THEFT IN TRANSPORTATION BETWEEN STORES. HOW IT WORKS: - Employee who is in charge of moving merchandise between stores in trucks can arrange for accomplice to meet him along the route, remove merchandise from truck, and then complete run to destination point. QUESTION: 1. What methods can be employed to stop this form of theft? Discuss answers. If none, suggest these: 1. A delivery invoice is prepared at the time when the truck is loaded. This slip is signed by both the loader of the truck and the driver, When the driver arrives at his destination point, he would again account for all merchandise with the receiving clerk and both would sign. If theft had taken place along the route, it would show up on the invoice. Invoices in this case would be the type where changes could not be made without them being noticed. 2. An unbreakable seal placed on the truck when it leaves the original shipping point. This seal is not to be broken until it reaches the destination point with the goods.

SUBJECT	METHOD
	(USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #10. 10. MANIPULATION OF PHYSICAL INVENTORY TO CONCEAL EXISTING SHORTAGES. HOW IT WORKS: - In many stores salespeople are often in charge of taking stock counts and can easily account for stolen merchandise when it is not actually in the store. They simply keep track of what they have stolen and enter these figures on the count sheets as on-hand. QUESTION: 1. What can be done to stop this form of shortage? Discuss answers. If none, suggest these: 1. Have count teams comprised of people other than those people in department do the stock counting in the departments. 2. Have cross-checks by different employees of the department. This would work by having one associate do the counts and another check the counts to see if the figures match the merchandise. If not, adjustments would have to be made and must stolen merchandise uncovered.
Now that we all realize that employee theft is happening and how it is happening, how can it be stopped in your stores? As pointed out before, employee theft is the prime contributor to internal shrinkage that is jeopardizing profits in all retail establishments across the country. In addition to the methods listed before, there are countless others that are used by dishonest employees.	24

SUBJECT	METHOD
They must be stopped. On this sheet, list any ways other than the ones listed previously that can be employed in your store to help stop this problem. If you think that one of the before-mentioned will work, put it on the back of the sheet with the department it can be used in to stop losses.	DISTRIBUTION OF ACTIVITY #2. Allow 10-15 minutes for completion of the forms. Ask for volunteers to read some of their methods. Much can be learned through the exchanging of ideas of professional people in the same field with the same problems.
A preventive program that has been developed that can help stop much of the employee theft in your stores will be presented next. There are four simple guidelines that are easy to follow and incorporate into the store by you if you are genuinely concerned about the shrinkage problem in your store. They are very self-explanatory and easy to understand because many of them hinge upon our previous discussions in this unit.	NOTE TO INSTRUCTOR: It is suggested that you make a copy of these guidelines for each member of your group. TRANSPARENCY #14. (USE REVEALING METHOD ON TRANSPARENCY) READ THROUGH TRANSPARENCY. 1. MAKE EVERY EFFORT TO CREATE AN ATMOSPHERE OF HIGH EMPLOYEE MORALE IN YOUR DEPARTMENT. 2. BE ON THE ALERT FOR SIGNS OF THEFT. STRESS: An important part of this concept is to know what to do when you catch or

SUBJECT	METHOD
	suspect an employee stealing. Many employers do little or nothing. QUESTION: What should be done? DISCUSS ANSWERS. Emphasize that not only should this person be fired, but also he should be prosecuted to the fullest extent of the law. 3. CLEARLY EXPLAIN TO ALL NEW EMPLOYEES AND OLD EMPLOYEES COMPANY POLICY ON AND PENALTY FOR THEFT. 4. ENFORCE COMPANY POLICY ON THEFT, AND TAKE APPROPRIATE DISCIPLINARY ACTION. ASK FOR QUESTIONS ON THIS SECTION. REVIEW ENTIRE SECTION ON EMPLOYEE THEFT. ANSWER ALL QUESTIONS PERTAINING TO EMPLOYEE THEFT. END OF PART II.

PART 3

SHOPLIFTING

SHOPLIFTING

OBJECTIVES

The student should be able to:

1. Understand the importance of shoplifting control
2. List the types of shoplifters.
3. List the methods used by shoplifters.
4. Understand how these methods work.
5. Determine preventive measures that can be devised to stop the above mentioned methods.
6. Understand the preventive measures presented in the above.
7. Understand the procedure presented on what to do when a shoplifter is seen.
8. Understand the laws that govern shoplifting.
9. Discuss the shoplifting laws.

NOTES TO INSTRUCTOR:

Shoplifting is the most often mentioned contributor to shrinkage. You may find that the participants in your class already know something about shoplifting; however, you should not treat the section lightly because the members of your class may know some of it. If they do, this material can be used for a refresher or reinforcement. This is a long section, so it is suggested that you break it into three sessions as shown on the breakdown at the beginning of this manual.

For this section you will need Transparencies 15-23, Activity Form #3, and Handouts #2 & #3 which are all found at the end of the manual.

SHOPLIFTING

SUBJECT	METHOD
Needless to say, shoplifting is a serious aspect of store shrinkage. It is the contributor we hear the most about, but do we really know what to look for when dealing with shoplifters?	
There is no stereotyped shoplifter. They come all ages, shapes, sizes, and colors; so numerous and proficient that they are stealing millions of dollars worth of merchandise from stores across the country.	
To give you some idea of the effect of shoplifting on retail store profits, this overhead proves the point.	TRANSPARENCY #15 RETAILERS MUST SELL IN EXCESS OF $3 MILLION WORTH OF GOODS WITHOUT A CENT OF PROFIT TO PAY FOR LOSSES FROM SHOPLIFTING.
One way we can help to cut down on the vast number of shoplifters that are successful is to examine the different types of shoplifters and look at some of the more common methods they use.	
As mentioned before, there is no stereotyped shoplifter. We all hear stories about watching for the person with a large bulky overcoat on during unseasonable weather because he is a probable shoplifter. Only the greenest amateur shoplifter would attempt this method. There are more successful, less obvious methods that can net the thief thousands of dollars worth of merchandise.	
Before we look at some of the methods shoplifters use, let's look at who is doing the shoplifting.	TRANSPARENCY #16 (USE REVEALING METHOD ON TRANSPARENCY) 29 UNCOVER POINT #1.

SHOPLIFTING

SUBJECT	METHOD
	1. YOUNGSTERS. Store owners and protection agencies report that teenagers account for over 50% of the arrests. This could mean one of two things: either it is easier to catch a teenager, or there are many more teenagers stealing than anyone else. It could be either one. Teenagers are often compelled to steal just for the thrill of it or because their friends are doing it. Small objects such as health and beauty aids or phonograph records are their main targets. Rarely will a teenager---unless he is a professional---attempt to steal large items. Regardless of the amount stolen, he must be stopped, because even small articles when stolen often enough add up to huge amounts of merchandise lost and profits left unrealized. UNCOVER POINT #2. 2. DISADVANTAGED. Surprisingly enough, the disadvantages or poor people in the cities account for little of the shoplifting problem in stores. When they do steal, it is often things that the family needs for survival; ie., health and beauty aids, food, etc. Again, not unless they are professionals or the hard-core unemployed will they attempt to steal large items of merchandise. Members of minority groups who enter stores are often under the constant supervision of security people, especially in food stores or in drug departments, because they know these people have a reputation to steal these small items. UNCOVER POINT #3.

SUBJECT	METHOD
	3. KLEPTOMANIAC. This person is sick. He has a psychological urge to steal. Often he is a person who does not need to steal to survive, but he does so just to relieve these desires in his mind. Rarely can he control his actions, so he may attempt to steal almost any type of good. He is the hardest type of shoplifter to spot, because he is very casual about his stealing. When apprehended, he often does not realize that he has stolen anything and has no guilt feelings about his actions. UNCOVER POINT #4. 4. THE "PRO". The professional steals for a profit. He often must live on what he steals, so his thefts are large and very well executed. He knows all the latest and best techniques to use, which stores to raid and when, and who the supervisors or security personnel are, so he is very hard to catch. He will either strike during busy times or slow times, whenever the opportunity for him to do so arises. He is very difficult to catch in the act and is very casual while doing so. On a good day for him, he can steal hundreds or thousands of dollars worth of merchandise which he will "fence" or sell as new. Fencing stolen goods is one of the easiest things in the world to get into. People who market stolen goods are hard to stop. They can forge purchase orders and "prove" that the merchandise transactions are legitimate. UNCOVER POINT #5. 5. HOUSEWIVES. Beware of housewives in supermarkets or health and beauty aids departments. They steal very low price merchandise often just for the momentary thrill it brings, or rationalize their actions by thinking that

SUBJECT	METHOD
	the stores won't miss such small articles. Even small articles selling for 15¢, 25¢, or 50¢ cost the store money, and when stolen they add to the overall inventory shortage. UNCOVER POINT #6. 6. THRILL SEEKERS. This person usually is of middle class or higher wealth, has no definite need or want for the product, but steals it just for the thrill that it brings. This person could be male or female, young or old, and looks very much like an average customer, but usually is very shakey about his actions and is noticeably nervous. UNCOVER POINT #7. 7. TEAMS. The team is usually comprised of two or more people which enter a department and separate. While one or more of them occupies the salespeople on duty, the other will steal the merchandise. Often the one with the salesperson will purchase a small article to more fully occupy him and take suspicion off of them for shoplifting. Another favorite tactic of the teams is to enter the department and start a fight or argument between two of them and the third will do the stealing. It is through this distraction which draws everyone's attention that the thief gets his chance to steal while all the salespeople and customers are occupied with the distraction.
Before we continue our discussion on shoplifting and the methods that are used, are there any questions on what we have discussed? We will begin looking at some of the methods used by shoplifters by examining several of the more common, well-known ones.	ANSWER ALL QUESTIONS. 32

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	TRANSPARENCY #17 (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #1. 1. SWITCHING OF PRICE TICKETS. DISCUSS METHOD. UNCOVER POINT #2. 2. "RETURNING" OF MERCHANDISE NOT ORIGINALLY PAID FOR. HOW IT WORKS: Customer returns either stolen goods or merchandise he has just picked off a counter and gets a refund. Since many stores are lax on giving refunds without a sales receipt, this is an easy method to use. QUESTION: How can this be eliminated? Discuss answers. If none, suggest these: 1. Tighten controls on refunds. 2. All refunds handled through accounts office only after letter is sent to customer to determine if the address the customer gave and all the other information is correct. UNCOVER POINT #3. 3. FITTING ROOM THEFTS. HOW IT WORKS: There are a variety of methods that can be used: 33 Customer removes tags and wears merchandise out of store.

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	b. Customer puts his own clothes over store's clothes and walks out. c. Customer leaves merchandise in fitting rooms for partner or accomplice to pick up and remove from store. Tight fitting room controls are extremely necessary at all times. Many items can be stolen by a professional in just a matter of minutes if these controls are not in effect. QUESTION: What can be done? Discuss answers. If none, suggest these: 1. Employee stationed by fitting rooms at all times keeping track of what goes in and out. 2. Tickets that show how much the customer took in and brought out. 3. Undivided fitting rooms. Thieves would be less apt to steal if they did not have privacy. UNCOVER POINT #4. 4. "CUSTOMER" CLAIMS OVER-CHARGE. HOW IT WORKS: The "customer" returns to the store with the sales slip and a different package of the same type of merchandise that may be stolen, claims he was overcharged on all the items, and receives a refund for all or part of the purchase. Occasionally, a customer will just return with the sales receipt and raise enough trouble with a new employee until he is given a settlement. This last instance is rare, but it is happening. QUESTION: How can this be stopped?

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	Discuss answers. If none, suggest these: 1. No adjustments made unless the merchandise is brought in by the customer. 2. Handwritten sales receipts that show exactly what was purchased. While this may be slow and time consuming, if your store is suffering from this type of a loss, it is recommended as a partial solution. UNCOVER POINT #5. 5. CUSTOMER CLAIMS SHORTAGE OF MERCHANDISE. HOW IT WORKS: A customer buys a package of merchandise, leaves the store, removes one or more of the items, and returns claiming that when he got home all of his purchased goods were not in the package. The salespeople then give him duplicates of the item at a total loss to the store. QUESTION: What can be done? Discuss answers. If none, suggest these: 1. Handwritten sales receipts. UNCOVER POINT #6. 6. CARRYING MERCHANDISE FROM DEPARTMENT TO DEPARTMENT. HOW IT WORKS: Many stores allow this for customer convenience. This is done often is areas where coordinate items are in another department, eg., men's furnishings and men's clothing. When the customer reaches the other department,

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	he either keeps on walking out of the store or puts the original item in his packages and then walks out. Nothing is said to him, because it is a common thing to see people walking around with merchandise in many stores. This works especially well when salespeople from the original department cannot accompany the customer to the other department in order to assist him. QUESTION: What can be done to prevent this type of theft? Discuss answers. If none, suggest these: 1. Forbid customers from leaving the department with merchandise that is not paid for. 2. Instruct all salespeople that they must accompany customers who want to coordinate items in another department.
Those were some of the oldest, simplest methods used by both professional and amateur shoplifters to steal millions of dollars worth of merchandise from retailers. There are hundreds of other methods that shoplifters use, some of which are even too complex to describe in words. Others haven't even been discovered by security personnel. What we will do here is to discuss some more of the common methods that are known to be used by both professionals and amateurs. By no means should you assume that this list is complete, because it is not due to the reasons mentioned before.	TRANSPARENCY #18 (USE REVEALING METHOD ON TRANSPARENCY)

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	UNCOVER POINT #1. 1. WRAPPED PACKAGES. HOW IT WORKS: Professionals use this method often. Wrapped packages can be fixed to have one end hinged so he can walk up to the article, slightly open the package, and slip the merchandise into the box. This method is especially useful in stealing small, expensive articles which are left in the open. This is a very rapid, split-second technique, so your best defense is to be on the look-out for people carrying packages and keep them under constant supervision. UNCOVER POINT #2. 2. PANTS OR BLOOMERS WITH FULL POCKETS. HOW IT WORKS: These special garments have full pockets running for the full length of the garment. The thief will slip the article down inside the garment and into the pocket and out of the store. These garments are usually full-cut and baggy so the stolen merchandise will not show. DISCUSS THE METHOD WITH THE GROUP AND GAIN SUGGESTIONS AS HOW TO PREVENT IT. UNCOVER POINT #3. 3. MUSICAL INSTRUMENT CASES. This is almost too obvious to discuss, but shoplifters still use it because of that fact. Salespeople don't pay that much attention to a person carrying a musical case, because they think nobody would try to steal anything with that old gimick. An instrument case when equipped with hinged doors can play a deadly tune for store profits. Don't discount any possibilities when dealing

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	with shoplifters. Sometimes the old methods are the best because most employees are trained only in the latest techniques used. The shoplifter knowing this will use an old method without detection. UNCOVER POINT #4. 4. COATS WITH LARGE POCKETS. HOW IT WORKS: These garments have pockets running the full length of the garment and are very useful for the shoplifter in the same way as bloomers or pants with full pockets are. UNCOVER POINT #5. 5. NEWSPAPERS OR MAGAZINES. HOW IT WORKS: These are very effective to conceal small flat items such as phonograph albums. The article can be slipped down inside the newspaper or magazine and the thief can walk out undetected. DISCUSS WITH GROUP HOW THIS CAN BE STOPPED. UNCOVER POINT #6. 6. DOCTORS CASES. HOW IT WORKS: The same doctor's case that can carry life for a patient can deal death to a store's profits. An empty doctor's case can easily hold hundreds of dollars worth of small items for the shoplifter who is quick enough to open and close it. Since it is rare to see a doctor carrying a bag inside of a store while shopping, this method is easy to detect.

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	UNCOVER POINT #7. 7. PURSES OR SHOULDER BAGS. HOW IT WORKS: Especially good for small inexpensive items for the amateur, but for the professional it can hold small expensive items. Watch for bulges in purses, because this usually means some merchandise is in the bag. UNCOVER POINT #8. 8. HOLLOWED BOOKS. HOW IT WORKS: The center of the book is carved out and small items can be stuck inside. Be cautious of people carrying books, because this is almost a sure sign except around schools where students carry books frequently. Even some of these youngsters may be trained professionals at this technique. One method that retailers use to prevent this around schools is to have the students place their books on a shelf or in lockers right inside the store. UNCOVER POINT #9. 9. COATS CARRIED OVER THE ARM. HOW IT WORKS: This method works like this: the coat is laid over the merchandise while the shoplifter carefully places the goods inside the coat, picks up both and walks out with the stolen goods over his arm. This method works quite well in soft goods where the merchandise is flat and flexible and can be carried over the arm.

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	10. "SPECIALLY EQUIPPED" COATS. HOW IT WORKS: These coats have belts or harnesses sewn into them which the shoplifter hooks onto his pickings, closes his coat, and leaves with nothing showing, because these coats are usually loose-fitting and only small items of clothing or the like are gained by this method. With the advent of tailored, well-fitting clothing, this method is not used to the extent that it once was, because loose baggy clothing draws much attention in comparison to tailored, close-fitting garments which are worn by the majority of men. These close-fitting garments make impossible this technique, because there is no room under the coat for the belts and the merchandise.
As mentioned before, these are only some of the methods used by shoplifters. While we are discussing these, some shoplifter is inventing a new technique that he will use, so we should not labot ourselves with discussing how they do it; we should start talking about what can be done to stop them, what to do when a shoplifter is spotted; laws that must be enforced against apprehended thieves, and slowing down or stopping others from joining the ever-expanding ranks of professional shoplifters.	QUESTION: WHAT CAN BE DONE? Before we begin discussing what experts say about stopping shoplifting, let's see if you have ideas of your own that we can discuss and use. DISTRIBUTION OF ACTIVITY #3. ALLOW 5-10 MINUTES FOR COMPLETION OF THE FORMS. DON'T COLLECT THESE FORMS, BUT INSTEAD

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	BASE YOUR DISCUSSION ON WHAT THESE PEOPLE HAVE LISTED. STRESS TO THEM THAT THEY SHOULD IMPLEMENT THESE TECHNIQUES IN THEIR STORES.
Let's look at what some of the experts have suggested as methods to stop shoplifting.	TRANSPARENCY #19. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #1. 1. BE AN ALERT SALESPERSON. DISCUSS WITH GROUP. UNCOVER POINT #2. 2. KEEP MERCHANDISE STRAIGHT AND CLEAN. DISCUSS WITH GROUP. UNCOVER POINT #2. 3. KEEP DISPLAY CASES LOCKED. DISCUSS WITH GROUP. UNCOVER POINT #4. 4. KEEP DRESSING ROOMS ALWAYS CLEAN. DISCUSS WITH GROUP. UNCOVER POINT #5. 5. KNOW YOUR PRICES. DISCUSS WITH GROUP. UNCOVER POINT #6. 6. BE ESPECIALLY ALERT DURING TIMES WHEN LESS THAN ADEQUATE COVERAGE IS ON THE FLOOR. DISCUSS WITH GROUP.

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	UNCOVER POINT #7. 7. ALWAYS GIVE YOUR CUSTOMER PLENTY OF ATTENTION. DISCUSS WITH GROUP. TRANSPARENCY #20. (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #8. 8. BE ALERT TO CUSTOMERS CARRYING PACKAGES. DISCUSS WITH GROUP. UNCOVER POINT #9. 9. WATCH FOR DISTRACTIONS. DISCUSS WITH GROUP. UNCOVER POINT #10. 10. WATCH FOR TEAMS. DISCUSS WITH GROUP. UNCOVER POINT #11. 11. NEVER LEAVE FLOOR UNATTENDED. DISCUSS WITH GROUP. UNCOVER POINT #12. 12. BE SURE TO ACCOUNT FOR ALL MERCHANDISE AND REPORT SHORTAGES. DISCUSS WITH GROUP. UNCOVER POINT #13. 13. MAINTAIN GOOD HOUSECLEANING STANDARDS IN YOUR DEPARTMENT. DISCUSS WITH GROUP.

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	UNCOVER POINT #14. 14. KEEP YOUR EYES OPEN TO NOTICE THINGS WHICH YOU DON'T THINK ARE RIGHT. REPORT THEM TO YOUR SUPERVISOR. DISCUSS WITH GROUP. UNCOVER POINT #15. 15. BE ALERT TO CUSTOMERS IN YOUR DEPARTMENT---ACKNOWLEDGE THEIR PRESENCE AND PROVIDE GOOD CUSTOMER SERVICE. STRESS: This is the most important rule of all. Not only will this stop prospective shoplifters, but it will also give your store a better public image. DISTRIBUTION OF HANDOUT #2. QUESTION: What do you do when you suspect someone of stealing merchandise in your store? DISCUSS ANSWERS.
In every store there should be some type of a procedure to follow when a person who is suspected of being a shoplifter is spotted. Here is a suggested procedure that takes all of the important factors to remember into consideration. These are all things that you must do when you spot a suspicious person is your store.	ASK QUESTION: What is the procedure in your store? TRANSPARENCY #21. (USE REVEALING METHOD ON TRANSPARENCY) 1. NEVER ACCUSE ANYONE. 2. BE ABSOLUTELY SURE.

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	3. CALL SECURITY. 4. KNOW THE LAW. 5. NEVER USE FORCE WITH A PERSON. 6. RESPECT THE PERSON. 7. UNLESS YOU ARE AUTHORIZED, NEVER TAKE ACTION YOURSELF. 8. ALWAYS PROSECUTE THIEVES. TRANSPARENCY #22. (USE REVEALING METHOD ON TRANSPARENCY) DON'T FORGET TO: 1. BE AWARE AT ALL TIMES. 2. KNOW SECURITY PROCEDURES. 3. GET DESCRIPTION OF PERSON. 4. CALL POLICE. 5. REMEMBER ARTICLES STOLEN. 6. NOTE ROUTE OF ESCAPE IF HE ESCAPES. NOTE TO INSTRUCTOR: You may wish to make the above transparencies into handouts so the members of your class can have them to refer to when they return to their store.
Prior to recent years, retailers were hesitant to prosecute any apprehended shoplifters because of the weak and lax laws that penalized the shoplifter. Then, as shoplifters began netting larger hauls and store found themselves losing many dollars of profit, lobbyists persuaded the Ohio legislature to provide for tougher penalties. To better familiarize you with what can be done to penalize shoplifters,	44

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we will take a look at Ohio's Shoplifting Law effective October 30, 1969. It is easy to understand and quite comprehensive.	DISTRIBUTION OF HANDOUTS ON SHOPLIFTING LAWS. NOTE TO INSTRUCTOR: Instead of handouts, you may wish to secure from the OHIO STATE COUNCIL OF RETAIL MERCHANTS a booklet entitled, WHAT MERCHANTS SHOULD KNOW ABOUT OHIO'S SHOPLIFTING LAW. This booklet is available by writing to: OHIO STATE COUNCIL OF RETAIL MERCHANTS 71 East State Street Columbus, Ohio 43215 READ SECTION 2907.20 NO PERSON SHALL STEAL ANYTHING OF VALUE. Whoever violates this section is guilty of larceny, and, if the thing stolen is a firearm of whatever value or if the value of the thing stolen is sixty dollars or more, shall be imprisoned not less than nor more than seven years. If the value is less than sixty dollars, such person shall be fined not more than three hundred dollars or imprisoned not more than ninety days, or both. STOP. ANSWER QUESTIONS AND DISCUSS IF NECESSARY. READ SECTION 2907.48 (A) No person shall willfully alter any label, price tag, or marking upon any merchandise offered for sale by any store or other retail mercantile establishment with the intention of depriving the owner of all or some part of the value thereof. STOP.

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	ANSWER QUESTIONS AND DISCUSS IF NECESSARY. READ SECTION 2907.48 (B) No person shall willfully transfer any merchandise offered for sale by any store or other retail mercantile establishment from the container in or on which the same shall be displayed to any other container with intent to deprive the owner of all or some part of the value thereof. STOP. ANSWER QUESTIONS AND DISCUSS IF NECESSARY. READ SECTION 2907.48 (C) Whoever violates division (A) or (B) or this section is guilty of shoplifting, and shall be fined not more than three hundred dollars or imprisoned not more than ninety days, or both. If a violator is charged and proved to have been previously convicted, by a judgment which has not been reversed or vacated, of a violation under Section 2907.20 of the revised code where the value of the thing stolen was less than sixty dollars, or of an identical offense under a municipal ordinance, then whoever violates division (A) or (B) of this Section shall be fined not more than five hundred dollars and imprisoned not less than thirty days nor more than one year. STOP. ANSWER QUESTIONS AND DISCUSS IF NECESSARY. READ SECTION 2935.41 46 A merchant, or HIS employee OR AGENT, who has probably cause for believing that items offered for sale by a mercantile establishment have been

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	unlawfully taken by a person, may, in order to recover such items without search or undue restraint or in order to cause an arrest to be made by a police officer until a warrant can be obtained, detain such person in a reasonable manner for a reasonable length of time within the said mercantile establishment or the immediate vicinity thereof. Any police officer may, within a reasonable time after such alleged unlawful taking has been committed, arrest without a warrant, any person he has probably cause for believing that committed such unlawful taking in a mercantile establishment. STOP. ANSWER QUESTIONS AND DISCUSS AS NECESSARY. DISCUSS THE LEGISLATION AND WHAT IT MEANS TO RETAILERS.
Throughout this entire section, it has been emphasized that shoplifting is a prime contributor to the internal shrinkage problem that confronts retailers across the country. It must not be treated lightly, because much of the shoplifting that is occurring is done by amateurs and can be stopped by using the preventive devices listed and discussed. All salespeople must be carefully trained and retrained to the latest techniques used by shoplifters, and all shoplifters that are caught in the store must be prosecuted to the fullest extent of the law, regardless of the price of the goods stolen. Through these two devices---well-trained and knowledgeable salespeople and a hard-nose attitude of management---will the word get out in the community that the store is waging an all-out battle to stop shoplifters, and all types of them from the greenest amateurs to the	

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most skillful professionals will avoid that store because all shoplifters are afraid of one thing: the chance of getting caught.	ASK FOR QUESTIONS OF THIS SECTION. REVIEW ENTIRE SECTION, AGAIN EMPHASIZING ALL THE IMPORTANT FACTS TO REMEMBER. ANSWER ANY REMAINING QUESTIONS ON SHOPLIFTING. END OF PART III.

PART 4

EMPLOYEE ERRORS

EMPLOYEE ERRORS

OBJECTIVES

The student should be able to:

1. Understand the importance of employee errors in relation to the whole internal shrinkage picture.
2. List employee errors that contribute to shrinkage.
3. Determine if the training program in their store helps to control errors.
4. Understand the preventive measures listed.
5. Discuss the above mentioned measures.

NOTES TO INSTRUCTOR:

Employee errors are a large contributor to internal shrinkage as the material following will prove. It is also one of the easier contributors to control, but only through proper training programs. It is your task to show your class members what these errors are and how they can be controlled through caution and an extensive training program.

For this section you will need Transparency #23, Activity Form #4, and Handout #4 which are found at the end of the manual.

EMPLOYEE ERRORS

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Errors by employees account for a great deal of the shrinkage that is prevalent in retail stores today. Many of these errors are due to carelessness or ignorance of procedures. It is management's responsibility to train these people in all the new procedures and retrain on old procedures periodically. While it is true that this constant training and retraining is costly to the total operating expenses, it is a sure way to cut down on much of the errors which are made. Let's examine some of the more popular errors that are occurring in all departments.	TRANSPARENCY #23 (USE REVEALING METHOD ON TRANSPARENCY) UNCOVER POINT #1. 1. WRONG RETAIL PRICE ON INVOICE. DISCUSS WITH GROUP. UNCOVER POINT #2. 2. IMPROPER COUNTING OF MERCHANDISE SOLD AT MARKDOWN PRICE. - Particularly in recording advertising results. DISCUSS WITH GROUP. UNCOVER POINT #3. 3. FAILURE TO RECORD MARKDOWN ON MERCHANDISE. DISCUSS WITH GROUP. UNCOVER POINT #4. 4. ERROR IN ADDITION ON SALES RECEIPTS. DISCUSS WITH GROUP.

EMPLOYEE ERRORS

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	UNCOVER POINT #5. 5. ERROR IN ENTRY ON SALES CHECK OR RINGING UP WRONG PRICE ON CASH REGISTER. DISCUSS WITH GROUP. UNCOVER POINT #6. 6. LOST SALES SLIP OR CASH REFUND SLIP. DISCUSS WITH GROUP. UNCOVER POINT #7. 7. GUESSING AT THE PRICE OF MERCHANDISE THAT HAS NO PRICE TICKET. DISCUSS WITH GROUP. UNCOVER POINT #8. 8. FAILURE TO VOID ERROR RINGS. DISCUSS WITH GROUP. In addition to these errors, can you think of any others that are common that we should mention or discuss? NOTE TO INSTRUCTOR: You should make a copy of this list as it may be valuable the next time you present the course.
With all of these errors fresh in mind, think of the ways your training system is deficient in preventing errors on-the-job.	DISTRIBUTION OF ACTIVITY #4. In order to determine if your system on controlling errors is adequate, mentally answer these questions. READ THROUGH SLOWLY: 1. Are all sales rung on cash registers before the goods are wrapped? And are receipts put inside packages?

EMPLOYEE ERRORS

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	2. Are cash registers set up in such a way that they provide for an easy audit check? 3. Are all voided transactions approved by department managers or other supervisory personnel? 4. Are all defective merchandise transactions completed accurately? 5. Are all refund slips and charge credit transactions carefully controlled and properly written? 6. Do you have a tight control system over employee packages leaving the store?
So that when you return to your store you can have some guidelines to instruct your employees on helping you control errors, this handout can act as such a guideline.	DISTRIBUTION OF HANDOUT #4 DISCUSS EACH POINT ON HANDOUT. 1. NEVER, EVER GUESS AT THE PRICE OF MERCHANDISE. 2. FOLLOW ALL STORE PROCEDURES. 3. BE SURE TO RING THE CORRECT PRICE ON THE CASH REGISTER. 4. BE SURE TO ACCOUNT FOR ALL MERCHANDISE AND REPORT ALL SHORTAGES. 5. BE SURE THAT ALL TRANSACTIONS ARE LEGIBLE AND ACCURATE. 6. KEEP YOUR EYES OPEN---REPORT THINGS THAT DON'T SEEM RIGHT. 7. KNOW HOW TO HANDLE ALL SPECIAL TRANSACTIONS: IE., EXCHANGES, C.O.D.'S, REFUNDS, CHARGEBACKS, CUSTOMER ADJUSTMENTS, ETC. 8. KNOW THE PROCEDURE FOR CORRECTING ERRORS. 9. BE CAREFUL: TAKE YOUR TIME.

EMPLOYEE ERRORS

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	NOTE TO INSTRUCTOR: Suggest to the people in your class that when they return to their stores, they duplicate that handout and place it by wrap-desks to constantly remind their employees. QUESTION: Can you think of any other preventive measures that we can include on this handout? DISCUSS NOTE TO INSTRUCTOR: Make a copy of these to include in future lists. QUESTION: Are there any questions over what we have discussed in this section? REVIEW SECTION. AGAIN, ASK FOR QUESTIONS. END OF PART IV.

PART 5

SECURITY PROGRAM

SECURITY PROGRAM

OBJECTIVES

The student should be able to:

1. List preventive measures that can be employed in their store to stop the three types of internal shrinkage.
2. Understand the importance of such a program.
3. Understand the different types of electronic security equipment.
4. Construct a campaign to stop shrinkage.
5. Organize a STEM program from the model given.

NOTES TO INSTRUCTOR:

Through the last four units of this training manual you have been provided information and knowledge on how to control internal shrinkage. Now, in this final session, it is your task to tie all this material together into one detailed and organized preventive program for the members of your class to take back to their stores with them and put into use. It is suggested that, if possible, you reproduce as much of this manual as you think necessary and distribute to them for a constant reference. The author strongly suggests that you try to organize a STEM program with these retailers, because it should be obvious by now that controlling internal shrinkage is more than a one-man, one-store operation. It takes many businessmen working with the community to stop shortages which can eventually lead to lower prices for everyone and increased profits for retailers.

For this section you will need Transparency #24, Activity Form #5, and Handouts #5 & #6 which are found at the end of the manual.

SUBJECT	METHOD
Now that we have discussed the three major contributors of shrinkage in retail stores that are eating away at profits, it is time to pull all the preventive measures together into one major campaign to stop the growth of shrinkage in your store. In order to get started thinking in terms of a preventive campaign, take a few minutes to answer this question sheet.	DISTRIBUTION OF ACTIVITY #5. NOTE TO INSTRUCTOR: Allow 5-10 minutes for answers.
What has to be done to stop internal shrinkage is to declare an all-out campaign that needs the cooperation of all people in the store on a full-time basis, because controlling internal shrinkage is a 24 hours a day, 365 days a year activity. It cannot be done on a part-time basis working one or two days a week. One method to get people to engage in the activities of this campaign is to reward them monetarily. Announce at a general store meeting or a department meeting that when an employee of the store turns in a suspected shoplifter who is in turn caught stealing, or when they suspect a fellow employee of stealing and it is found to be true, or when they offer a suggestion to help stop shrinkage, that person will be rewarded. These rewards can be small, but make it worth their trouble. Usually $5 or $10 will be sufficient. All people like the thought of winning money by doing a good job. Publicizing the fact that shrinkage-conscious employees will be rewarded will make them be on the alert for probably contributors to shrinkage. The next step in getting people shrinkage-control oriented is to	57

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present training programs to all people in your store or to the department managers who in turn instruct their people on what to be on the look-out for. An efficient, well-run training program should provide for these two things:	TRANSPARENCY #24 READ THROUGH AND DISCUSS AS NECESSARY. 1. Department managers of both direct and indirect selling departments being trained in all methods of shrinkage prevention. 2. Proper training of all salespeople in both direct and indirect selling departments.
Part three of this campaign to stop shrinkage would be to form a committee of both management and sales personnel who would hold weekly meetings to discuss any problems that are contributing to shrinkage in the store. Employees see much more of what is actually happening on the sales floor than do management. This is logical, because they are on the sales floor full-time whereas management is only there part-time. This committee will have to be completely trained on what to look out for. At these weekly meetings, all problems will be discussed and what can be done to stop them must come out of the discussion. Through this relationship on the committee, many valuable, practical ideas can be exchanged. This committee work must not be taken lightly by either side, or the committee will not function completely.	Discuss with the group the idea of having this committe and how it should be set up and run. Review the ideas presented about the campaign.

SECURITY PROGRAM

SUBJECT	METHOD
	Hold informal brainstorming sessions in groups of three or four for the purpose of gaining new methods of getting all employees of the store involved in a shrinkage-control program.
I feel it is necessary to go over some measures that can be employed to stop shrinkage. Many of them are drawn from past discussions in this and other sections. These are all tested methods of prevention.	This list is adapted from RETAIL CONTROL. December 1966, pp. 6-12. HANDOUT #5 READ THROUGH AND DISCUSS WHERE NEEDED. 1. Every employee of a department that is experiencing an abnormal shrinkage problem will be checked through personnel department. WHY: This is to determine if he is providing the best possible customer service, or if he himself is stealing. 2. Have increased shoppers check the proficiency and honesty of your employees. 3. Refund letters must be sent out to 100% of the refund customers. WHY: To determine if all the refunds are valid. 4. Any known loss in a department must be checked immediately. 5. Overages and shortages and excessive no-sales on the register must be dealt with promptly.

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	6. Check all excessive void or no-sale transactions. 7. Any changed or erased sales checks or charge slips must be immediately investigated. 8. Hold training courses for all employees to retrain them in the procedures for handling cash. 9. Carefully investigate even exchanges between employees for possible theft. 10. There must be a daily audit of departments' sales checks. Tape rings must match. WHY: This should be done on a random basis or done daily to any department that is experiencing cash shortages or overages. 11. Employee discounts should receive special attention. WHY: To see if employees are buying just for themselves or for others. 12. No hats, coats, or large pocket books are to be allowed within the selling department by employees before or after store hours. 13. There must be a full-time employee package inspection system. 14. Any losses reported by an employee must be investigated. 15. Make sure that authorization is obtained on all forms requiring such. 16. Full-time fitting room control systems must be initiated.

SUBJECT	METHOD
	17. There must be adequate floor coverage at all times. 18. Check all present methods of returns, refunds, and credits to see that they are efficient and fool proof. 19. Markdown merchandise must be marked so as to prevent return at original price. 20. All markdowns must be completely controlled and inspected. 21. Make sure there are price tickets on all merchandise. 22. Initiate tight security controls on all transfers and charge-back merchandise. 23. Investigate the movement of merchandise from receiving to the sales floor. WHY: To make sure no one has the opportunity to remove merchandise from the store. 24. Compare departments' refunds and credits to see if there is an excess in any particular department. 25. Initiate tight controls over stock rooms. NOTE TO INSTRUCTOR: If any additional information is needed by the members of your class, there is a list of seventy-six ways to control stock shortages. Copies of this list are available from the following: Key-Rec Recommendation #30-66 Box 40 2224 Benton Avenue Dayton, Ohio 45406

SECURITY PROGRAM

SUBJECT	METHOD
	REVIEW METHODS THUS FAR. ANSWER ANY QUESTIONS. NOTE TO INSTRUCTOR: YOU MAY WISH TO ADD ANY COMMENTS YOU HAVE ON METHODS TO GET THE STORE PERSONNEL INVOLVED IN THE FIGHT AGAINST INTERNAL SHRINKAGE OR ON METHODS TO FIGHT SHRINKAGE AT THIS TIME.
Recently an article appeared in a national magazine that shows the efforts of retailers in other cities in controlling their shrinkage figures. Their efforts should not go unnoticed. What they have done is truly remarkable. Let's spend the next few minutes discussing their program and if you think it would be worthwhile to start one similar to it in this community.	DISTRIBUTION OF HANDOUT #6. Article from BUSINESS WEEK. May 6, 1972, pp. 57-59. Allow 10-15 minutes for reading of article. DISCUSS ARTICLE WITH GROUP. ASK QUESTIONS: 1. What is your general overall reaction to their efforts? 2. Should something like this be attempted nationwide? 3. How about starting this type of a program in this community? 4. Do you think it would be effective? The group will probably accept the idea as workable in their community, so you must help them organize their efforts in order to accomplish the objectives. Should the group reject the idea as not feasible in their community, proceed to

SECURITY PROGRAM

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	Item #4 and discuss security methods with them and review this section. It is suggested that you follow this procedure for starting a local STEM program. 1. RECRUITMENT OF MEMBERS. MEMBERS SHOULD INCLUDE: a. local political leaders b. local managers and store owners c. president of local Chamber of Commerce d. advertising and media experts from community. 2. PLANNING OF MESSAGES FOR ADVERTISEMENTS. Messages must appeal to parents and children. 3. SECURING ADVERTISING SPACE. a. convince them of their power in the community because they are big advertisers in the area. b. securing public service space. 4. TIGHTEN SECURITY IN STORES AS PART OF PROGRAM. DISCUSS WITH THE GROUP THESE SECURITY SYSTEMS: a. MIRRORS Large curved surface slanted mirrors placed in corners of department or store, so positioned so person stationed at wrap-station can observe all parts of the department or store just by glancing in the mirror. These mirrors tend to discourage shoplifters, because they know that

SUBJECT	METHOD
	they are being watched. b. METAL MAGNETIZED STRIPS INSIDE MERCHANDISE. This strip is concealed inside the merchandise and is to be removed by the salesperson. If the strip is not removed and the person tries leaving the store through the exits, which are equipped with alarms that detect such theft is underway, they will be activated. When the alarm is sounded, the security people can apprehend the person. Care must be taken with this system so as the general public does not learn where the metal strips are inside the merchandise, or they will remove them themselves and your system will not be totally effective. Also, all returns must be "magnetized" so as to prevent their theft by teams. c. LIGHTING. This sounds like a natural in stores, but many times the lighting is poor. When areas are not well lighted, theft occurs easily. Care must be taken so as to provide that all areas are well lighted and as bright as possible. When a light bulb burns out, replace it promptly. d. PLAIN CLOTHS POLICE. This system works especially well if the community is large enough where all the police are not known to the general public. Usually the police are relatively expensive when compared to other sales personnel, but they are on-hand when shoplifting occurs, so they can make arrests when necessary within the law.

SUBJECT	METHOD
	All sales personnel must be informed when a plain clothes policeman is on duty, so they know who to notify if they spot a shoplifter. Also when a plain clothesman is on duty, he must not be called "Officer" or other official titles. He should be called "Mr." like other management. This tends to conceal the fact even more that a policeman is on duty. e. CLOSED CIRCUIT T.V. This is probably one of the most expensive methods to stop shrinkage and should be considered only when other methods will not prove satisfactory. A camera placed in the best spot in the store or department with a concealed screen can spot all prospective shoplifters. When a closed circuit T.V. is in use, there must be someone watching the screen to observe the action in the department. This person should be trained in what action to take if a shoplifter is observed. f. ONE-WAY GLASS. This allows store personnel behind the glass to look out but prevents people from looking in. Employees must be assigned to remain behind this glass to observe the customers and stop prospective shoplifters. A supermarket in Michigan used this method and soon had employees staying behind the glass during their lunch hours eating and watching for shoplifters because they enjoyed it that much. This method is expensive also because of the fact that the mirrors have to be purchased and installed which calls for complete or at least extensive remodeling to the department.

SECURITY PROGRAM

SUBJECT	METHOD
	g. PACKAGE CHECK. A manned counter is placed at each entrance to the store which requires all customers to have their packages checked and stapled shut with a marker that signifies the package has been checked. This method would prevent the customer from slipping your merchandise into their bags or boxes. Also, on their way out of the store, they are required to again check their packages. Discuss this method with the group. h. "ALERT SYSTEM". This method works well in small communities where businesses are close together or in shopping malls. The system works like this: when a shoplifter is spotted, the manager contacts two other merchants in town and they in turn contact two other merchants; in a matter of just a few minutes the whole retail industry within the community is alerted to the fact that shoplifters have been spotted within the vicinity. Discuss with the group and, if possible, start an alert system in the group. A security system in your store is of utmost importance. Without it, the STEM system cannot work. No matter how much public awareness you have of shoplifting and shrinkage, without a security system all your efforts are wasted. 5. ELECTION OF STEM OFFICERS. a. president b. vice-president

SECURITY PROGRAM

SUBJECT	METHOD
	c. secretary d. advertising specialist. 6. SET OBJECTIVES FOR STEM. 7. ASSIGN TASKS FOR STEM. NOTE TO INSTRUCTOR: It is suggested that you adjourn the meeting and give the members of the STEM team time to complete their assignments. Should this be impossible, review the section with the group and the STEM program, answer any remaining questions, and make concluding comments. END OF PROGRAM.

TRANSPARENCIES

SHRINKAGE-

A RETAILING TERM FOR THE SHORTAGES CAUSED BY **ERRORS**, **THEFTS**, AND **SHOPLIFTING**.

BOOK INVENTORY	$1000
-PHYSICAL INVENTORY	875
SHRINKAGE	125

SHRINKAGE

EATS AWAY AT

PROFITS !

IT IS EVERYONE'S JOB TO DO THOSE THINGS THAT WILL HELP CUT DOWN ON SHRINKAGE.

A GOOD PORTION OF THE SHORTAGE OR SHRINKAGE IS CAUSED BY EMPLOYEE INDIFFERENCE AND IGNORANCE OF STORE RULES AND PROCEDURES.

SHRINKAGE CONTROL

1. CUTS DOWN ON WASTE.

2. KEEPS PRICES DOWN.

3. MAKES EVERYONE'S JOB EASIER.

MAJOR AREAS OF SHORTAGES:

IN ORDER OF IMPORTANCE.

1. INCREASING GROWTH OF BRANCH OPERATIONS WITH RESULTANT TRANSFER OF MERCHANDISE.

2. PILFERAGE BY EMPLOYEES AND CUSTOMERS.

3. SLIPSHOD BOOKKEEPING AND PAPER PROCESSING ERRORS BY EMPLOYEES.

CIRCLE OF LOSSES

EMPLOYEES STEAL MORE THAN $10 MILLION A DAY - - ABOUT $3 BILLION A YEAR IN CASH AND MERCHANDISE.

COMMON ALIBIS:

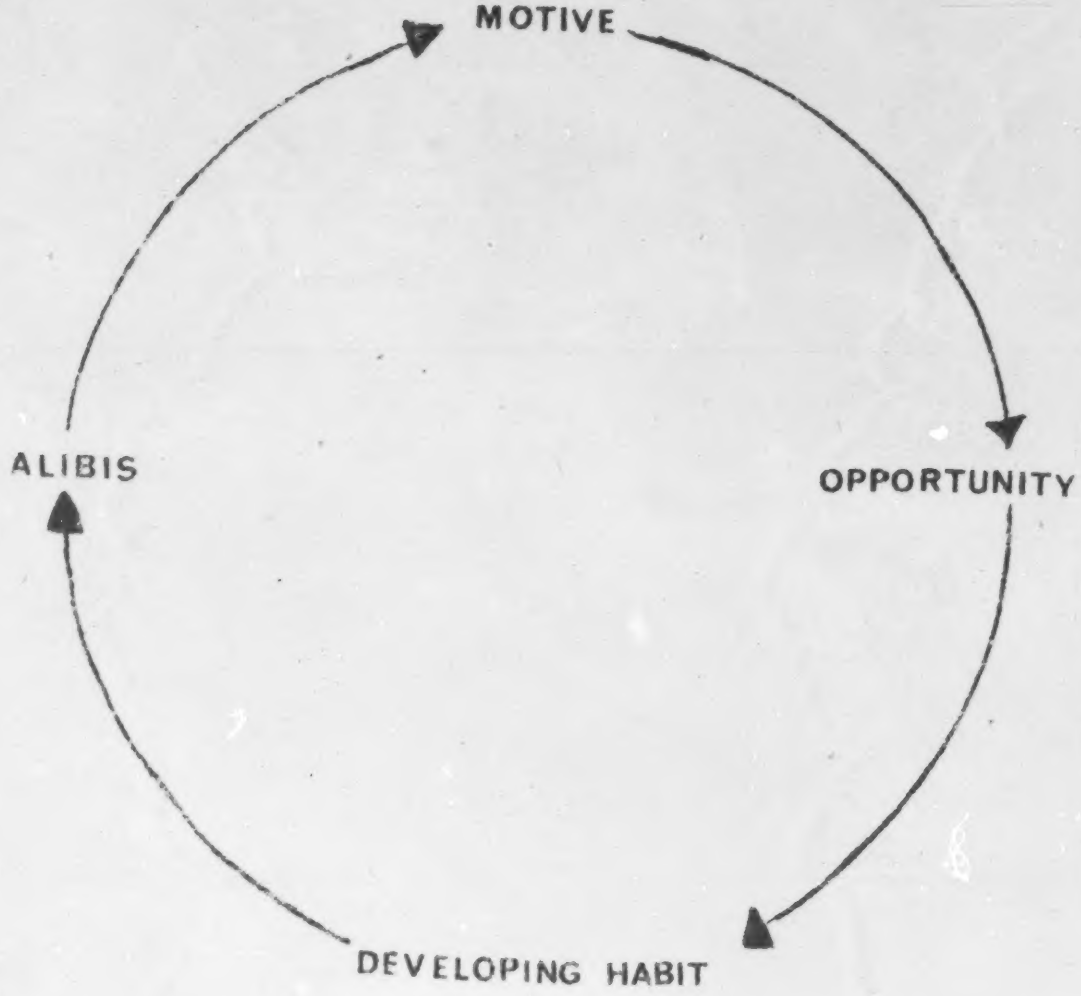
1. MY BOSS DOES NOT APPRECIATE MY WORK.

2. THE COMPANY OWES IT TO ME.

3. EVERYBODY ELSE DOES IT, WHY NOT ME.

II.

VISCIOUS CIRCLE



TYPES OF EMPLOYEE THEFT

1. THEFT OF MERCHANDISE.

2. EMPLOYEE SELLS MERCHANDISE TO FRIENDS OR ACCOMPLICE FOR LESS THAN MARKED PRICE.

3. EMPLOYEE GIVES PARTNER OR FRIEND MARKDOWN FOR SOILED OR DAMAGED GOODS--BUT THE MARKDOWN IS NOT RECORDED OR JUSTIFIED.

4. EMPLOYEE POCKETS EVEN AMOUNTS OF SALES.

5. CASH REFUNDS ISSUED WHEN MERCHANDISE IS NOT RETURNED.

6. MERCHANDISE WRAPPED IN WITH SOLD GOODS BUT NOT RUNG ON REGISTER.

7. BUYERS OR OTHER PERSONNEL APPROVE FOR PAYMENT, INVOICES FOR SAMPLES RECEIVED IN DEPARTMENT--BUT THE SAMPLES ARE TAKEN HOME.

8. CLERK CLASSIFIES TRANSACTION AS OVER-RING WHEN CUSTOMER ACTUALLY RECEIVED MERCHANDISE.

9. EMPLOYEE THEFT IN TRANSPORTATION BETWEEN STORES.

10. MANIPULATION OF PHYSICAL INVENTORY TO CONCEAL SHORTAGES.

PREVENTIVE PROGRAM FOR EMPLOYEE THEFT:

1. MAKE EVERY EFFORT TO CREATE AN ATMOSPHERE OF HIGH EMPLOYEE MORALE IN YOUR DEPARTMENT.

2. BE ON THE ALERT FOR SIGNS OF THEFT.

3. CLEARLY EXPLAIN TO ALL NEW AND OLD EMPLOYEES COMPANY POLICY ON AND PENALTY FOR THEFT.

4. ENFORCE COMPANY POLICY ON THEFT, AND TAKE APPROPRIATE DISCIPLINARY ACTION.

RETAILERS MUST SELL IN EXCESS OF 3 MILLION DOLLARS WORTH OF GOODS WITHOUT A CENT OF PROFIT TO PAY FOR LOSSES FROM SHOPLIFTING.

TYPES OF SHOPLIFTERS

1. YOUNGSTERS
2. DISADVANTAGED
3. KLEPTOMANIAC
4. THE "PRO"
5. HOUSEWIVES
6. THRILL-SEEKERS
7. TEAMS

COMMON METHODS OF SHOPLIFTERS

1. SWITCHING OF PRICE TICKETS.

2. "RETURNING" OF MERCHANDISE NOT ORIGINALLY PAID FOR.

3. FITTING ROOM THEFTS.

4. "CUSTOMER" CLAIMS OVER CHARGE.

5. CUSTOMER CLAIMS SHORTAGE OF MERCHANDISE.

6. CARRYING OF MERCHANDISE FROM ONE DEPARTMENT TO ANOTHER.

OTHER METHODS:

1. WRAPPED PACKAGES.
2. PANTS OR BLOOMERS WITH FULL POCKETS.
3. MUSICAL INSTRUMENT CASES.
4. COATS WITH LARGE POCKETS.
5. NEWSPAPERS OR MAGAZINES.
6. DOCTORS CASES.
7. PURSES OR SHOULDER BAGS.
8. HOLLOWED BOOKS.
9. COATS CARRIED OVER ARM.
10. "SPECIALLY EQUIPPED COATS."

PREVENTION:

1. BE AN ALERT SALESPERSON.

2. KEEP MERCHANDISE STRAIGHT AND CLEAN.

3. KEEP DISPLAY CASES LOCKED.

4. CHECK DRESSING ROOMS. MAKE SURE THEY ARE ALWAYS CLEAN.

5. KNOW YOUR PRICES.

6. BE ESPECIALLY ALERT DURING TIMES WHEN LESS THAN ADEQUATE COVERAGE IS ON THE FLOOR.

7. ALWAYS GIVE YOUR CUSTOMER PLENTY OF ATTENTION.

8. BE ALERT TO CUSTOMERS CARRYING PACKAGES.

9. WATCH FOR DISTRACTIONS.

10. WATCH FOR TEAMS.

11. NEVER LEAVE FLOOR UNATTENDED.

12. BE SURE TO ACCOUNT FOR ALL MERCHANDISE AND REPORT SHORTAGES.

13. MAINTAIN GOOD HOUSECLEANING STANDARDS IN YOUR DEPARTMENT.

14. KEEP YOUR EYES OPEN--TO NOTICE THINGS WHICH YOU DON'T THINK ARE RIGHT. REPORT THEM TO YOUR SUPERVISOR.

15. BE ALERT TO CUSTOMERS IN YOUR DEPARTMENT--ACKNOWLEDGE THEIR PRESENCE AND PROVIDE GOOD CUSTOMER SERVICE.

WHAT DO YOU DO:

1. NEVER ACCUSE ANYONE.

2. BE ABSOLUTELY SURE.

3. CALL SECURITY.

4. KNOW THE LAW.

5. NEVER USE FORCE WITH A PERSON.

6. RESPECT THE PERSON.

7. UNLESS YOU ARE AUTHORIZED;
   NEVER TAKE ACTION YOURSELF.

8. ALWAYS PROSECUTE THIEVES.

DON'T FORGET TO:

1. BE ALERT AND AWARE AT ALL TIMES.
2. KNOW SECURITY PROCEDURES.
3. GET DESCRIPTION OF PERSON.
4. CALL POLICE.
5. REMEMBER ARTICLES STOLEN.
6. NOTE ROUTE OF ESCAPE IF HE ESCAPES.

COMMON ERRORS:

1. WRONG RETAIL PRICE ON INVOICE.

2. IMPROPER COUNTING OF MERCHANDISE SOLD AT MARKDOWN PRICE.

3. FAILURE TO RECORD MARKDOWNS ON MERCHANDISE.

4. ERROR IN ADDITION ON SALES RECEIPTS.

5. ERROR IN ENTRY ON SALES CHECK OR RINGING UP WRONG PRICE ON CASH REGISTER.

6. LOST SALES SLIP OR CASH REFUND SLIP.

7. GUESSING AT THE PRICE OF MERCHANDISE THAT HAS NO PRICE TICKET.

8. FAILURE TO VOID ERROR RINGS.

TRAINING PROGRAM SHOULD PROVIDE FOR:

1. DEPARTMENT MANAGERS OF BOTH INDIRECT AND DIRECT SELLING DEPARTMENTS BEING TRAINED IN ALL METHODS OF SHRINKAGE PREVENTION.

2. PROPER TRAINING OF ALL SALESPEOPLE IN BOTH DIRECT AND INDIRECT SELLING DEPARTMENTS.

HANDOUTS

HANDOUT #1

PREVENTIVE PROGRAM FOR EMPLOYEE THEFT:

1. Make every effort to create an atmosphere of high employee morale in your department.

2. Be on the alert for signs of theft.

3. Clearly explain to all new and old employees company policy on and penalty for theft.

4. Enforce company policy on theft and take appropriate disciplinary action.

PREVENTION:

1. Be an alert salesperson.
2. Keep merchandise straight and clean.
3. Keep display cases locked.
4. Check dressing rooms. Make sure they are always clean.
5. Know your prices.
6. Be especially alert during times when less than adequate coverage is on the floor.
7. Always give your customer plenty of attention.
8. Be alert to customers carrying packages.
9. Watch for distractions.
10. Watch for teams.
11. Never leave floor unattended.
12. Be sure to account for all merchandise and report shortages.
13. Maintain good housecleaning standards in your department.
14. Keep your eyes open to notice things which you don't think are right. Report them to your supervisor.
15. Be alert to customers in your department---acknowledge their presence and provide good customer service.

HANDOUT #3

OHIO'S SHOPLIFTING LAW

SECTION 2907.20

No person shall steal anything of value. Whoever violates this section is guilty of larceny, and, if the thing stolen is a firearm of whatever value or if the value of the thing stolen is sixty dollars or more, shall be imprisoned not less than one nor more than seven years. If the value is less than sixty dollars, such person shall be fined not more than three hundred dollars or imprisoned not more than ninety days, or both.

SECTION 2907.48

(A) No person shall willfully alter any label, price tag, or marking upon any merchandise offered for sale by any store or other retail mercantile establishment with the intention of depriving the owner of all or some part of the value thereof.

(B) No person shall willfully transfer any merchandise offered for sale by any store or other retail mercantile establishment from the container in or on which the same shall be displayed to any other container with intent to deprive the owner of all or some part of the value thereof.

(C) Whoever violates division (A) or (B) of this section is guilty of shoplifting, and shall be fined not more than three hundred dollars or imprisoned not more than ninety days, or both. If a violator is charged and proved to have been previously convicted, by a judgment which has not been reversed or vacated, of a violation under section 2907.20 of the revised code where the value of the thing stolen was less than sixty dollars, or of an identical offense under a municipal ordinance, then whoever violates division (A) or (B) of this section shall be fined not more than five hundred dollars and imprisoned not less than thirty days nor more than one year.

SECTION 2935.41

A merchant, or HIS employee or AGENT, who has probable cause for believing that items offered for sale by a mercantile establishment have been unlawfully taken by a person may, in order to recover such items without search or undue restraint or in order to cause an arrest to be made by a police officer until a warrant can be obtained, detain such person in a reasonable manner for a reasonable length of time within the said mercantile establishment or the immediate vicinity thereof.

Any police officer may, within a reasonable time after such alleged unlawful taking has been committed, arrest without a warrant, any person he has probable cause for believing that committed such unlawful taking in a mercantile establishment.

HANDOUT #4

STOP ERRORS

1. Never, ever guess at the price of merchandise.

2. Follow all store procedures.

3. Be sure to ring the correct price on the cash register.

4. Be sure to account for all merchandise---report all shortages.

5. Be sure that all transactions are legible and accurate.

6. Keep your eyes open---report things that don't seem right.

7. Know how to handle all special transaction (exchanges, C.O.D.'s, refunds, chargebacks, customer adjustments, etc.).

8. Know the procedure for correcting errors.

9. BE CAREFUL! TAKE YOUR TIME!

HANDOUT #5

SHRINKAGE PREVENTION

1. Every employee of a department that is experiencing an abnormal shrinkage problem will be checked through personnel department.

2. Have increased shoppers check the proficiency of your employees.

3. Refund letters must be sent out to 100% of the refund customers.

4. Any known loss in a department must be immediately checked.

5. Overages and shortages and excessive no-sales on the register must be dealt with promptly.

6. Check all excessive void or no-sale transactions.

7. Any changed or erased sales checks or charge slips must be immediately investigated.

8. Hold training courses for all employees to retrain them in the procedures for handling cash.

9. Carefully investigate even exchanges between employees for possible theft.

10. There must be a daily audit of departments' sales checks. Tape rings must match.

11. Employee discounts should receive special attention.

12. No hats, coats, or large pocket books are to be allowed within the selling department by employees before or after store hours.

13. There must be a full-time employee package inspection system.

14. Any losses reported by an employee must be investigated.

15. Make sure that authorization is obtained on all forms requiring such.

16. Full-time fitting room control systems must be initiated.

17. There must be adequate floor coverage at all times.

18. Check all present methods of returns, refunds, and credits to see that they are fool proof.

19. Markdown merchandise must be marked so as to prevent return at original price.

20. All markdowns must be completely controlled and inspected.

21. Make sure there are price tickets on all merchandise.

22. Initiate tight security controls on all transfers and chargeback merchandise.

23. Investigate the movement of merchandise from receiving to the sales floor.

24. Compare departments' refunds and credits to see if there is an excess in any particular department.

25. Initiate tight controls over stockrooms.

HANDOUT #6

PHILADELPHIA'S WAY OF STOPPING THE SHOPLIFTER

reprinted from "Business Week", May 6, 1972.

The prime-time commercial that flickered onto thousands of TV screens in the Philadelphia area this week shows a little girl starting to cross a traffic intersection. When she notices that the light is yellow, she decides to wait. "Parents teach children to make right and wrong decision," the announcer says. The scene switches to a store, where the same child is reaching for a counter item. "Children need to know the difference between right and wrong," says the announcer. "And shoplifting is wrong."

So begins the second major campaign of STEM, Inc. (Shoplifters Take Everybody's Money), a broad anti-shoplifting drive launched last year by Philadelphia-area retailers. Combining public-service radio, TV, print, and outdoor advertising, the $100,000 campaign is rapidly becoming a model for merchants all over the country. Retailer groups in Maryland, Ohio, Florida, Indiana, New York, New Jersey, and several other states---including far-away Hawaii---are either using parts of the campaign or have expressed interest in it.

Five years ago, retailers considered inventory shortages of 1% of gross sales disastrous. Today, such shortages have jumped to 2% in Philadelphia stores for a total of $150 million a year, thus taking a big bite out of already narrow profit margins. Among some New York merchants, shortages run as high as 3% or 4%. Nationwide, the Federal Bureau of Investigation now puts total retail pilferage---both by employees and by customers---at $2.5 billion a year, a 221% increase over ten years ago. As Bernard Kant, president of Gimbel's in Philadelphia and of STEM, puts it: "The problem is growing and spreading almost like a disease."

As they embark on the second year of STEM, however, the five major Philadelphia retailers who originated and financed most of the campaign---Gimbel's, Lit Bros., Sears Roebuck, Strawbridge & Clothier, and John Wanamaker---have high hopes.

At a time when inventory shortages are rising in other cities, they have cut their own pilferage rates an average of nearly 20%. Equally important is the reduction in teenage shoplifting, the main target of STEM. While overall apprehensions rose 8% at Strawbridge & Clothier last year, for instance, juvenile apprehensions dropped from 12% to 15%.

Two messages. STEM got its start early last year when Kant, then president of the Philadelphia Retail Merchants Association, and Frank Veale, executive vice-president of operations for Strawbridge & Clothier, organized a twelve-man association committee to look into the shoplifting problem and work out an effective advertising campaign. Ad campaigns had been tried in the past, but with little or almost no effect.

To give the committee some clout, Kant and Veale recruited only top-level executives. The committee then organized STEM and---for still more clout---lined up a blue-ribbon advisory board that includes Pennsylvania Senators Hugh Scott and Richard Schweiker, Governor Milton Shapp, Philadelphia Mayor Frank Rizzo, and a host of other political, civic, and religious leaders. To prepare the ad campaign itself, the committee called in a local agency, Spiro & Associates (1971 billings: $11 million). Spiro took on the campaign as a public service, forgoing all media commissions.

"We gave Spiro two messages to get across," says committee chairman Veale. "The first message is that shoplifting is no joke, but a serious crime. Shoplifters over 18 can be arrested. Those under 18 are given a provisional record and go to the police station. Our second point is that shoplifting costs everyone money because it raises prices."

For maximum impact, Spiro broke the campaign into two concentrated six-week segments: one during the June-July vacation period and the other before Christmas. Spiro also decided to focus on teenagers, since they account for one of every

three shoplifters and probably make up the biggest single of offenders. "It doesn't make sense to have a broad-based campaign," explains Hal Langerman, senior vice-president and creative director of Spiro. "We can't make an impact on the hardened criminal who shoplifts as a way of life, or on the drug addict who steals to support his habit. But we can change attitudes and behavior of teenagers who shoplift." "Besides," adds Joseph Roessler, head of security at Strawbridge & Clothier, "once shoplifters get beyond the teenage stage, the die is cast, and it becomes very difficult to reach them."

Media support. As it is, the challenge is enormous. Studies show that most teenage shoplifters are neither poor nor black, but well-off youngsters---usually girls---from white, middle-class, suburban homes. They steal partly for the thrill, partly to "rip off" the establishment, and only partly for the material gain. And they are a tough, cynical audience to reach.

STEM tested on two groups of 75 students each at two Philadelphia high schools, one in an affluent suburb and the other an inner-city school with a predominantly black population. "The biggest reaction we were looking for," says Langerman, "was whether the campaign would be counter-productive, and thus wouldn't change the kids' views. When the conclusions came in, they suggested that the campaign would help, and that it would not have a "recoil effect"---that is, give youngsters ideas and spur them to steal even more.

By then Spiro and STEM were busily knocking on media doors. The biggest need was for TV exposure. "The problem in the past," says Langerman, "was that anti-shoplifting commercials were run at the end of the TV broadcasting day, along with the other public-service ads that weren't [illegible] for." So STEM sought prime time.

"We sent to the TV stations as though this were a product campaign," says Langerman, "and we simply persuaded them to run our commercials in prime time, after we proved that shoplifting is a serious problem. We told the media

executives that the stores had tried to solve the problem themselves with security devices" --- such as two-way mirrors and hidden cameras --- "but that they needed massive public awareness of the problem." Of course, it didn't hurt that retailers happen to be important paying advertisers.

Whatever the reason, STEM received the media support it needed. The TV stations ran 550 free spots worth $216,000---many of them in prime evening hours. Radio contributed 6,700 free spots worth $260,000. Twenty area newspapers kicked in 59,440 lines worth $59,750, and outdoor advertising contributed another $36,000 worth of unsold space on billboards and on posters on buses, subways, station platforms, and the top of taxicabs. At its own expense, STEM also printed up 200,000 pemphlets for teenagers and 100,000 pamphlets for adults.

Stressing the risks. In its ads, Spiro struck a strong, forceful tone, avoiding preachiness and how-to-do-it aspects of past anti-shoplifting ads.

"Shoplifting is no joke," stresses one typical print ad. "It's a serious crime. No more getting off with a slap on the wrist. Now shoplifters are being arrested and convicted. This means a criminal record. It could keep you out of college. Kill your chances for a decent job. Cause you to get a thumbs-down when you need a loan. Even people who'd never dream of shoplifting are affected. Because shoplifters don't just steal from stores. Since shoplifters cause higher prices, they take everybody's money . . ."

Many ads drove the point home with poignant case histories that are based on actual arrests: "Ken swapped a college education for a $6.50 pair of jeans," "Meg just traded her engagement ring for a $6 blouse," "Karen exchanged a $2,500 scholarship for a $9.95 pullover," "Carol just traded a $100-a-week job for a $3 belt."

In its radio advertising, STEM was able to target its audience. The disc jockey on a local underground radio station, for instance, warned his young listeners that "getting busted for a cause is one thing---for shoplifting, it's another."

On the FM stations with an over-30 audience, the commercials are directed at parents: "Was today the day you were going to warn your daughter about shoplifting?"

This year's campaign, which began this week, will be widened to include the older amateur shoplifter---for instance, the housewife in her late 20's---and some blacks. Last year, no blacks were shown. STEM will also expand its in-school effort. Last week, Spiro met with representatives of sixteen city high schools to develop class discussions and school assemblies.

Tightening security. As part of STEM, retailers are beefing up their internal security, both with new detection devices and cash bonuses for employees who nab sticky-fingered customers.

At the same time, STEM is also trying to set up a special shoplifter's court in Philadelphia, to speed up legal action and to get tougher sentences. Already, in fact, Philadelphia District Attorney Arlen Specter, a member of STEM's advisory board, has increased the recommended punishment for amateur shoplifters 18-and-over to as much as 30 days in jail.

"Before STEM," says adman Langerman, "merchants had little opportunity to be heard on the shoplifting problem. Now judges and policemen have heard about the campaign and have been exposed to it first hand. And today when the stores discuss the problem with the law enforcement officials, they get a better reception."

Retailers feel that it is high time. Lit Bros. recently had to close its Camden (N.J.) store, partly because of a high pilferage rate. "At certain times," says Julius Hansen, chairman of Lit Bros., "we'd almost have raids from young people returning from school." The lessons that retailers are learning in Philadelphia may help prevent a recurrence of that.

FILMS

Through examination of several film catalogs, the author found these two films that may be used in conjunction with the written text:

1. CASH REGISTER MADE EASY. 35-MM, S/S, black and white. Ten minutes. Free.

   Order from:

   Merchandiser Film Productions
   419 Fourth Avenue
   New York, New York

   NOTE: This film may be used in Part V of the manual as part of a training program for retail employees.

2. THE SHOPLIFTER. 16-MM. 1964.

   Order from:

   EDCOM Productions

   or

   closest university Audio-Visual Department

   Use these numbers: LC NO-FIA66-803 Prod-EDCOM DIST-HSF

   NOTE: Shows in detail techniques used by amateur and professional shoplifters and explains how alert employees can prevent thefts.

ACTIVITIES

1. In my opinion, I feel that this store (does/does not) have a serious shrinkage problem.

YES NO

In which area?

1. shoplifting
2. employee theft
3. errors

Explain your answer:

2. If you feel that there is a serious problem, in what departments?

3. What suggestions can you offer that will help eliminate these losses?

ACTIVITY #2

SUGGESTIONS TO STOP EMPLOYEE THEFT

We are all aware that some of our fellow employees steal. What are some ways that will stop them and others in this store?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

DO YOU HAVE ANY ADDITIONAL COMMENTS?

SUGGESTIONS TO STOP SHOPLIFTING

What are some ways we can help eliminate the ever increasing volume of shoplifters?

1. _____

2. _____

3. _____

4. _____

5. _____

6. _____

7. _____

8. _____

9. _____

10. _____

DO YOU HAVE ANY ADDITIONAL COMMENTS?

ACTIVITY #4

SUGGESTIONS TO STOP EMPLOYEE ERRORS

In what areas do you feel your training is deficient in preventing errors on the job? (Please explain your answers)

1. _____

_____

2. _____

_____

3. _____

_____

4. _____

_____

5. _____

_____

6. _____

_____

ACTIVITY #5

1. In your opinion, which area---shoplifting, employee theft, or errors---is accounting for most of the losses in this store?

Why?

2. What methods can you best employ to stop it?

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BIBLIOGRAPHY

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